Appendix L: Liquidation Analysis

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A. Introduction

If no chapter 11 plan can be confirmed, then the Debtors' cases may be converted to cases under chapter 7 of the Bankruptcy Code, whereby a trustee would be elected or appointed to liquidate the assets of the Debtors for distribution to the holders of Claims in accordance with the strict priority scheme established by the Bankruptcy Code.

Under chapter 7, the cash amount available for distribution to Creditors would consist of the proceeds resulting from the disposition of the unencumbered assets of the Debtors, augmented by the unencumbered cash held by the Debtors at the time of the commencement of the liquidation cases. This cash amount would be reduced by the costs and expenses of the liquidation and by such additional administrative and priority claims that may result from the termination of the Debtors' businesses and the use of chapter 7 for the purposes of liquidation.

The Debtors have analyzed liquidation in the context of chapter 7 and the Liquidation Analysis below reflects the Debtors' estimates regarding recoveries in a chapter 7 liquidation. The Liquidation Analysis is based upon the hypothetical disposition of assets and distribution on Claims under a chapter 7 liquidation in contrast to the distribution of Creditor Cash, Plan Securities and interests in the Litigation Trust and the Special Litigation Trust under the Plan. The Liquidation Analysis assumes that, in the chapter 7 cases, the Bankruptcy Court will approve the settlements and compromises embodied in the Plan and described in the Disclosure Statement (including, without limitation, the 30/70 compromise regarding the likelihood of substantive consolidation) as fair and reasonable and will determine that the compromise represents the best estimate, short of a final determination on the merits, of how these issues would be resolved. The Liquidation Analysis further takes into consideration the increased costs of a chapter 7 liquidation, the impact on the value of the three Operating Entities and the expected delay in distributions to Creditors.

The Debtors submit that the Liquidation Analysis evidences that the Plan satisfies the best interest of creditors test and that, under the Plan, each holder of an Allowed General Unsecured Claim will receive value that is not less than the amount such holder would receive in a chapter 7 liquidation. Further, the Debtors believe that pursuant to chapter 7 of the Bankruptcy Code, holders of Enron Subordinated Debenture Claims, Enron Preferred Equity Interests, Statutorily Subordinated Claims, Enron Common Equity Interests and Other Equity Interests would receive no distributions.

B. Variance

Estimating recoveries in any chapter 7 case is an uncertain process due to the number of unknown variables such as business, economic and competitive contingencies beyond the chapter 7 trustee's control and this uncertainty is further aggravated by the complexities of these Chapter 11 Cases. The underlying projections contained in the Liquidation Analysis have not been compiled or examined by independent accountants. The Debtors make no representations regarding the accuracy of the projections or a chapter 7 trustee's ability to achieve forecasted results. Many of the assumptions underlying the projections are subject to significant uncertainties. Inevitably, some assumptions will not materialize and unanticipated events and circumstances may affect the ultimate financial results. **In the event these Chapter 11 Cases are converted to chapter 7, actual results may vary materially from the estimates and projections set forth in the Liquidation Analysis.** As such, the Liquidation Analysis is speculative in nature.

C. Assumptions

For purposes of the Liquidation Analysis, the Debtors considered many factors and made certain assumptions. Those assumptions that the Debtors consider significant are described below.

1. General

a. Conversion: Each of the Chapter 11 Cases are converted to chapter 7 on January 1, 2004.

b. Appointment of Chapter 7 Trustee: One chapter 7 trustee is appointed to liquidate and wind down these estates. It should be noted that the selection of a separate chapter 7 trustee for one or more of the Debtors could result in higher administrative expenses associated with the chapter 7 cases.

c. Chapter 7 Trustee: The chapter 7 trustee would retain professionals (investment bankers, law firms, accounting firms, consultants, forensic experts, etc.) to assist in the liquidation and wind down of the Debtors' estates. While the chapter 7 trustee may retain certain of the Debtors' Chapter 11 Professionals for discrete projects, given that most (if not all) of these professionals will hold claims in the chapter 7 cases, it is assumed that the chapter 7 trustee's primary investment banking, legal, accounting, consulting and forensic support would be provided by new professionals.

d. Start-Up Time: Given the complexity of these Chapter 11 Cases and the underlying assets and claims, it is anticipated that the chapter 7 trustee and any newly retained professionals will require three to six months to familiarize themselves with the estates, the assets, the claims and related matters. It is further anticipated that it will take an additional three to six months before they begin marketing assets or litigating claims.

e. Global Compromise: To conserve resources and reduce the delay on making distributions, the Bankruptcy Court approves the settlements and compromises embodied in the Plan and described in the Disclosure Statement (including, without limitation, the 30/70 compromise regarding the likelihood of substantive consolidation and the exclusion of the Portland Debtors from that compromise) as fair and reasonable and determines that the compromise represents the best estimate, short of a final determination on the merits, of how these issues would be resolved.

f. Chapter 7 Committee(s): No committees are formed under section 705 of the Bankruptcy Code or, to the extent that one or more committees are formed, the Debtors' estates are not obligated to pay fees or expenses associated with any such committees.

g. Consolidation for Administrative Purposes. This analysis assumes that the Debtors are consolidated for administrative purposes during the chapter 7 process. Should one or more Debtors be handled through a separate chapter 7 process, the administrative costs related to that Debtor or those Debtors could be substantially higher than the costs assumed in this analysis.

2. Assets

a. Cash: Beginning cash balances are based on projected cash balances and were not subjected to a discount factor.

b. Operating Entities: The Bankruptcy Court would require that the Operating Entities be liquidated and cash proceeds distributed to Creditors, rather than distributing the stock of such entities to the Creditors as proposed in the Plan. The estimated proceeds for the sale or other disposition of the Operating Entities take into consideration (i) the valuations set forth in the Disclosure Statement for each of the Operating Entities; (ii) offers received to date for the Operating Entities and/or their underlying assets; (iii) discounts to the extent determined applicable to reflect pressure created by time limitations, potential deterioration of the underlying businesses due to failure to confirm a plan and conversion of these Chapter 11 Cases; and (iv) the fact that the chapter 7 trustee and, to the extent applicable, the trustee's professionals would lack historical knowledge as to the assets being sold. Rather than sell the Operating Entities as a going concern, the chapter 7 trustee might elect, instead, to sell discrete businesses within each of the Operating Entities and shut down or otherwise liquidate the remaining businesses. It is assumed that the Bankruptcy Court would allow the chapter 7 trustee sufficient time to market the Operating Entities, as well as some discretion as to timing depending upon fluctuations in the market, changes in the applicable industries and other commercial concerns. Accordingly, it is assumed that the Operating Entities are each sold as going concerns on or before December 31, 2006. However, there can be no assurances that the Operating Entities could be sold as going concerns or otherwise on or before December 31, 2006.

c. Remaining Assets: The Remaining Assets are each sold, shut down or otherwise liquidated on or before December 31, 2006. The estimated proceeds for the sale or other disposition of the Remaining Assets do not receive any discount. While actual proceeds could be discounted due to time limitations, potential deterioration of underlying assets due to failure to confirm a plan and conversion of these Chapter 11 Cases, and the fact that the chapter 7 trustee and, to the extent applicable, the trustee's professionals would lack historical knowledge as to the assets being sold, any such discount is considered to be immaterial.

d. **Avoidance Actions:** Consistent with the calculation of the estimated recoveries under the Plan, no values are included for recoveries from avoidance actions.

e. **Financial Institution Actions:** Consistent with the calculation of the estimated recoveries under the Plan, no values are included for recoveries from actions against financial institutions.

f. **Other Litigation:** Consistent with the calculation of the estimated recoveries under the Plan, no values are included for recoveries from other litigation.

3. Costs

a. **Employees:** The chapter 7 trustee will require approximately 1,038 employees as of January 1, 2004 with the number of employees required diminishing gradually over the first three years following appointment and continuing more rapidly thereafter. The Liquidation Budget set forth below covers the period including January 1, 2004 through December 31, 2006, but it is assumed that the liquidation process would continue for several more years beyond 2006.

b. **Trustee Fees:** The chapter 7 trustee would be compensated in accordance with the guidelines of section 326 of the Bankruptcy Code.

c. **Professional Fees – General:** Given that the chapter 7 trustee and, to the extent applicable, the trustee's professionals must familiarize themselves with the Debtors, their estates, their assets and the claims asserted against them, it is anticipated that the chapter 7 trustee's professionals' fees would be higher than the estimated professionals' fees to be incurred by the Reorganized Debtors following confirmation and consummation of the Plan. These increased expenses are further exacerbated by the contemplated post-conversion efforts to market and sell the Operating Entities in whole or in part in a chapter 7 liquidation.

d. **Professional Fees – Investment Bankers:** It is assumed that the chapter 7 trustee would have to retain investment bankers, who would be compensated at current market rate, including a percentage of any sale proceeds.

e. **Professional Fees – Law Firms:** It is assumed that the chapter 7 trustee would retain at least two primary law firms compensated at current market rate consistent with rates charged by the Debtors and Creditors' Committee's professionals in the Chapter 11 Cases. In addition, law firms currently engaged by the Debtors to prosecute or defend pending litigation are anticipated to be retained to continue such work following conversion to chapter 7.

f. **Professional Fees – Other:** The chapter 7 trustee also presumably would have to retain accountants and forensic experts, compensated at current market rates, to assist in prosecuting and diligencing causes of action, claims resolution, and litigation of issues otherwise resolved in the compromises set forth in the Plan.

4. Estimated Recoveries

a. Determination of Claims: All Claims are either allowed or estimated for purposes of establishing a reserve on or before June 30, 2005, such that first distributions would be made in mid-2005. Final determination of all disputed Claims completed on or before December 31, 2009.

b. Classes of Claims: The estimated recoveries use the Classes of General Unsecured Claims established by the Plan are used to facilitate Creditors' ability to compare the recoveries under the Plan versus recoveries in a chapter 7 liquidation. A chapter 7 liquidation does not allow for special treatment for these Claims included in the Convenience Claim Classes under the Plan. Accordingly, Convenience Claim treatment under the Plan is inapplicable in a chapter 7, and the estimated Creditor recoveries in a chapter 7 liquidation set forth below do not include separate treatment for the classes of Convenience Claims under the Plan.

c. Global Compromise. As noted above, it is assumed that the global compromise embodied in the Plan is approved in the chapter 7 cases. In circumstances in which a Debtor's administrative claims may exceed the value of its assets, the chapter 7 recovery estimates may be reduced in order to pay in full Allowed Administrative Claims Expense against such Debtor.

d. Timing of Distributions: While it is currently contemplated that the first distributions under the Plan would commence in 2004, the Debtors anticipate that the first distribution to Creditors in a chapter 7 would not be made until mid-2005. This assumption is based, in part, upon the belief that the chapter 7 trustee would be reluctant to make interim distributions prior to the determination of at least 50% of the disputed Claims.

e. Guaranty Claims: The estimated recoveries use the formula, as incorporated in the Plan and described in the Disclosure Statement, whereby holders of Allowed Guaranty Claims are entitled to distributions equal to 100% of the amount of such Creditor's allocated distribution in the hypothetical non-consolidation case (i.e., the 70% scenario) and 50% of such Creditor's allocated distribution in the hypothetical consolidation scenario (i.e., the 30% scenario).

f. Additional Claims: The liquidation of the Debtors will result in additional Claims being satisfied under chapter 7, including, but not limited to, Claims arising from the rejection of remaining executory contracts and unexpired leases. However, due to the uncertainty as to which contracts or leases would ultimately be rejected and the determination of the amount of any rejection damages, no such Claims are included in the estimated recoveries. Accordingly, these Claims would further dilute any recoveries in a chapter 7 liquidation.

g. Amount of Allowed Claims: The determination of the Allowed Claims is an uncertain process given the number of disputed, contingent and/or unliquidated claims in these Chapter 11 Cases. No order or findings have been entered by the Bankruptcy Court estimating or otherwise fixing the amount of Allowed Claims used in the Liquidation Analysis. **The actual amount of Allowed Claims could vary materially.**

h. Intercompany Claims. Claim amounts relating to claims of one Debtor against another Debtor and claims of non-Debtor, majority-owned affiliates against a Debtor are based on the Debtors' books and records as of the date hereof and Schedules, as the same may be updated or amended from time to time.

D. Liquidation Analysis

1. Chapter 7 Liquidation Projections

The table below presents an estimated Liquidation Budget for the period including January 1, 2004 through December 31, 2006 in the event these Chapter 11 Cases are converted to chapter 7. For comparison purposes, these aggregate projections are for the same time period as included in the Reorganized Debtors' Budget found at Appendix G. Refer to the description above regarding the potential for variances.

Liquidation Analysis Budget – Summary
January 1, 2004 - December 31, 2006
(In thousands)

	Estimates
Net Cash Receipts:	
Trading Contracts & Receivables	$ 1,133,191
Asset Sales & Other	4,502,295
Total - Net Cash Receipts	**5,635,486**
Expenses:	
G&A Expenses	343,045
Other Expenses	195,657
Professional Fees	446,523
Total Expenses	**985,225**

2. Estimated Creditor Recoveries in a Chapter 7 Liquidation

Relying on the assumptions and the estimated Liquidation Budget set forth above, the table below summarizes the estimated recoveries on Allowed General Unsecured Claims and Allowed Guaranty Claims for holders of general unsecured claims in a chapter 7 liquidation. For comparison purposes, the estimated recoveries under the Plan are reflected as well.

Plan Class	Debtor	Chapter 7 Liquidation Recovery % Reflecting 30/70 Plan Compromise	Plan Recovery %
3	EMCC	**29.5%**	**30.8%**
4	ENE	**15.9%**	**17.2%**
185	ENE	**13.2%**	**14.3%**
5	ENA	**18.9%**	**19.8%**
187	ENA	**16.2%**	**17.0%**
6	EPMI	**21.9%**	**22.6%**
7	PBOG	**75.2%**	**75.6%**
8	SSLC	**12.80%**	**13.3%**
9	EBS	**11.4%**	**12.1%**
10	EESO	**15.6%**	**16.1%**
11	EEMC	**23.5%**	**24.0%**
12	EESI	**19.0%**	**19.6%**
13	EES	**21.4%**	**22.6%**
14	ETS	**75.4%**	**75.7%**
15	BAM	**5.4%**	**5.7%**
16	ENA Asset Holdings	**5.4%**	**5.7%**
17	EGLI	**10.8%**	**11.2%**
18	EGM	**5.4%**	**5.7%**
19	ENW	**14.2%**	**14.9%**
20	EIM	**5.4%**	**5.7%**
21	OEC	**13.6%**	**15.0%**
22	EECC	**15.9%**	**17.1%**
23	EEOSC	**5.4%**	**5.7%**

Plan Class	Debtor	Chapter 7 Liquidation Recovery % Reflecting 30/70 Plan Compromise	Plan Recovery %
24	Garden State	**5.4%**	**5.7%**
25	Palm Beach	**5.4%**	**5.7%**
26	TSI	**15.3%**	**15.8%**
27	EEIS	**16.6%**	**17.7%**
28	EESOMI	**46.7%**	**47.1%**
29	EFSI	**11.4%**	**11.8%**
30	EFM	**18.3%**	**21.3%**
31	EBS LP	**8.4%**	**8.9%**
32	EESNA	**12.0%**	**12.5%**
33	LNG Marketing	**75.4%**	**75.7%**
34	Calypso	**75.4%**	**75.7%**
35	Global LNG	**75.4%**	**75.7%**
36	EIFM	**5.4%**	**5.7%**
37	ENGMC	**22.7%**	**23.6%**
38	ENA Upstream	**5.4%**	**5.8%**
39	ELFI	**9.6%**	**10.1%**
40	LNG Shipping	**5.4%**	**5.7%**
41	EPSC	**6.9%**	**7.6%**
42	ECTRIC	**25.0%**	**25.6%**
43	Communications Leasing	**18.8%**	**19.2%**
44	Wind	**40.1%**	**40.9%**
186	Wind	**37.4%**	**38.1%**

Plan Class	Debtor	Chapter 7 Liquidation Recovery % Reflecting 30/70 Plan Compromise	Plan Recovery %
45	Wind Systems	**44.9%**	**45.5%**
46	EWESC	**61.4%**	**62.1%**
47	Wind Maintenance	**5.4%**	**5.7%**
48	Wind Constructors	**34.0%**	**34.8%**
49	EREC I	**44.9%**	**45.5%**
50	EREC II	**34.0%**	**34.8%**
51	EREC III	**61.4%**	**62.1%**
52	EREC IV	**5.4%**	**5.7%**
53	EREC V	**40.1%**	**40.9%**
54	Intratex	**5.4%**	**5.7%**
55	EPPI	**5.4%**	**5.7%**
56	Methanol	**5.4%**	**5.7%**
57	Ventures	**14.3%**	**14.7%**
58	Enron Mauritius	**5.4%**	**5.7%**
59	India Holdings	**5.4%**	**5.7%**
60	OPP	**75.4%**	**75.7%**
61	NETCO	**75.4%**	**75.7%**
62	EESSH	**38.6%**	**40.8%**
63	Wind Development	**74.6%**	**75.3%**
64	ZWHC	**5.4%**	**5.7%**
65	Zond Pacific	**5.4%**	**5.7%**
66	ERAC	**22.0%**	**22.8%**
67	NEPCO	**5.4%**	**5.7%**

Plan Class	Debtor	Chapter 7 Liquidation Recovery % Reflecting 30/70 Plan Compromise	Plan Recovery %
68	EPICC	**5.4%**	**5.7%**
69	NEPCO Power Procurement	**5.4%**	**5.7%**
70	NEPCO Services International	**5.4%**	**5.7%**
71	San Juan Gas	**5.4%**	**5.7%**
72	EBF LLC	**75.4%**	**75.7%**
73	Zond Minnesota	**6.8%**	**7.3%**
74	EFII	**5.4%**	**20.5%**
75	E Power Holdings	**43.2%**	**46.4%**
76	EFS-CMS	**5.4%**	**5.7%**
77	EMI	**10.8%**	**11.6%**
78	Expat Services	**20.7%**	**23.6%**
79	Artemis	**16.6%**	**17.7%**
80	CEMS	**19.7%**	**20.7%**
81	LINGTEC	**10.1%**	**11.0%**
82	EGSNVC	**6.5%**	**7.0%**
83	LGMC	**8.3%**	**8.7%**
84	LRC	**14.7%**	**15.9%**
85	LGMI	**12.8%**	**13.5%**
86	LRCI	**14.7%**	**15.2%**
87	ECG	**5.4%**	**5.7%**
88	EnRock Management	**75.4%**	**75.7%**

Plan Class	Debtor	Chapter 7 Liquidation Recovery % Reflecting 30/70 Plan Compromise	Plan Recovery %
89	ECI Texas	**75.4%**	**75.7%**
90	EnRock	**44.0%**	**44.4%**
91	ECI Nevada	**19.0%**	**23.6%**
92	Alligator Alley	**5.4%**	**5.7%**
93	Enron Wind Storm Lake I	**5.4%**	**5.7%**
94	ECTMI	**75.4%**	**75.7%**
95	EnronOnline, LLC	**15.9%**	**16.5%**
96	St. Charles Development	**5.4%**	**5.7%**
97	Calcasieu	**5.4%**	**5.7%**
98	Calvert City Power	**5.4%**	**5.7%**
99	Enron ACS	**5.4%**	**5.7%**
100	LOA	**36.7%**	**39.8%**
101	ENIL	**6.4%**	**6.9%**
102	EI	**5.4%**	**5.7%**
103	EINT	**9.0%**	**11.8%**
104	EMDE	**7.1%**	**7.5%**
105	WarpSpeed	**5.4%**	**5.7%**
106	Modulus	**75.4%**	**75.7%**
107	ETI	**5.4%**	**5.7%**
108	DSG	**5.4%**	**5.7%**
109	RMTC	**75.4%**	**75.7%**

Plan Class	Debtor	Chapter 7 Liquidation Recovery % Reflecting 30/70 Plan Compromise	Plan Recovery %
110	Omicron	**5.4%**	**5.7%**
111	EFS I	**52.7%**	**54.9%**
112	EFS II	**5.4%**	**5.7%**
113	EFS III	**75.4%**	**75.7%**
114	EFS V	**75.4%**	**75.7%**
115	EFS VI	**75.4%**	**75.7%**
116	EFS VII	**5.4%**	**5.7%**
117	EFS IX	**75.4%**	**75.7%**
118	EFS X	**5.4%**	**5.7%**
119	EFS XI	**5.5%**	**5.9%**
120	EFS XII	**9.1%**	**9.4%**
121	EFS XV	**5.4%**	**5.7%**
122	EFS XVII	**75.4%**	**75.7%**
123	Jovinole	**5.4%**	**5.7%**
124	EFS Holdings	**17.3%**	**18.5%**
125	EOS	**19.9%**	**21.7%**
126	Green Power	**46.7%**	**48.4%**
127	TLS	**23.2%**	**24.3%**
128	ECT Securities Limited Partnership	**9.2%**	**9.6%**
129	ECT Securities LP	**5.4%**	**5.7%**
130	ECT Securities GP	**5.4%**	**5.7%**
131	KUCC Cleburne	**5.4%**	**5.7%**

Plan Class	Debtor	Chapter 7 Liquidation Recovery % Reflecting 30/70 Plan Compromise	Plan Recovery %
132	EIAM	**75.4%**	**75.7%**
133	EBPHXI	**5.4%**	**5.7%**
134	EHC	**75.4%**	**75.7%**
135	EDM	**5.4%**	**75.7%**
136	EIKH	**75.4%**	**75.7%**
137	ECHVI	**5.4%**	**5.7%**
138	EIAC	**14.4%**	**75.7%**
139	EBPIXI	**5.4%**	**5.7%**
140	Paulista	**5.4%**	**5.7%**
141	EPCSC	**75.4%**	**75.7%**
142	Pipeline Services	**5.4%**	**5.7%**
143	ETPC	**75.4%**	**75.7%**
144	ELSC	**75.4%**	**75.7%**
145	EMMS	**6.6%**	**8.1%**
146	ECFL	**75.4%**	**75.7%**
147	EPGI	**75.4%**	**75.7%**
148	Transwestern Gathering	**75.4%**	**75.7%**
149	Enron Gathering	**75.4%**	**75.7%**
150	EGP	**5.5%**	**5.8%**
151	EAMR	**5.4%**	**5.7%**
152	EBPHI	**18.2%**	**21.8%**
153	EBHL	**10.9%**	**11.9%**

Plan Class	Debtor	Chapter 7 Liquidation Recovery % Reflecting 30/70 Plan Compromise	Plan Recovery %
154	Enron Wind Storm Lake II	**5.4%**	**5.7%**
155	EREC	**9.0%**	**9.4%**
156	EA III	**20.1%**	**21.0%**
157	EWLB	**26.7%**	**27.4%**
158	SCC	**18.2%**	**19.7%**
159	EFS IV	**26.8%**	**27.2%**
160	EFS VIII	**42.3%**	**42.8%**
161	EFS XIII	**75.4%**	**75.7%**
162	ECI	**9.2%**	**9.7%**
163	EPC	**28.9%**	**31.2%**
189	EPC	**26.2%**	**28.4%**
164	Richmond Power	**5.4%**	**5.7%**
165	ECTSVC	**11.7%**	**12.7%**
166	EDF	**16.7%**	**20.1%**
167	ACFI	**11.9%**	**13.6%**
188	ACFI	**9.2%**	**10.7%**
168	TPC	**66.6%**	**75.7%**
169	APACHI	**30.2%**	**33.0%**
170	EDC	**15.7%**	**17.6%**
171	ETP	**75.4%**	**75.7%**
172	NSH	**75.4%**	**75.7%**
173	Enron South America	**17.7%**	**25.7%**

Plan Class	Debtor	Chapter 7 Liquidation Recovery % Reflecting 30/70 Plan Compromise	Plan Recovery %
174	EGPP	**49.5%**	**56.2%**
175	Cabazon Power	**75.4%**	**75.7%**
176	Cabazon Holdings	**75.4%**	**75.7%**
177	Enron Caribbean	**11.7%**	**16.4%**
178	Victory Garden	**5.4%**	**5.7%**
179	Oswego Cogen	**8.1%**	**8.4%**
180	EEPC	**17.7%**	**19.0%**
181	PGH	**54.8%**	**54.8%**
182	PTC	**0.0%**	**0.0%**